

DEPARTMENT OF INSURANCE

Imposing Administrative Penalty

KPIC

Ann. § 38-7-60 (3) (Supp. 2000). Violations of that section can lead to the revocation of an insurer's certificate of authority to transact the business of insurance in the State of South Carolina, following a public hearing before an independent Administrative Law Judge, pursuant to S.C. Code Ann. §§ 38-7-60 (4) and 38-5-120 (A) (2) (Supp. 2000).

Prior to the initiation of formal administrative proceedings by the Department against KPIC, the Department's staff and KPIC agreed to submit the entire matter to me, along with specific recommendations for my summary decision. It is their recommendation that, in lieu of the Department's filing of a petition to revoke KPIC's certificate of authority to transact business as an insurer in the State of South Carolina, KPIC will, and hereby does, waive its right to a public hearing and hereby agrees to immediately submit an administrative penalty to the Department in the total amount of \$2,000.

After a thorough review of the matter, and after carefully considering the joint recommendation of the parties, and pursuant to my findings of fact, I hereby conclude as a matter of law that KPIC did violate S.C. Code Ann. §38-7-60(3) (Supp. 2000). In lieu of revoking KPIC's certificate of authority, pursuant to the discretion given me by the State of South Carolina General Assembly in S.C. Code Ann. §§ 38-5-130 and 38-2-10 (Supp. 2000), I hereby impose an administrative penalty on KPIC in the amount of \$2,000.

The amount of the administrative penalty was determined through negotiation and compromise, and was made in consideration of the corrective measures KPIC has taken to prevent this problem from recurring and its assurance that it will mail all future tax returns required by the Department several days prior to the due date to ensure delivery by the due date, whether premium taxes are shown by the return to be due or not. By the signature of its officer or authorized representative on this consent order, KPIC acknowledges that this administrative order is a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S.C. Code Ann. §§30-4-10, *et seq.* (1991 and Supp. 2000).

Therefore, it is hereby ordered that, within ten days of the date of my signature on this consent order, KPIC shall pay to the Department an administrative penalty in the total amount of

\$2,000. It is hereby acknowledged that payment of the \$2,000 administrative penalty was made by KPIC to the Department on or about May 15, 2001.

It is further ordered that a copy of this consent order shall be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.

This consent order becomes effective on the date of my signature as shown below.

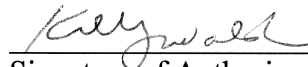


Dated this 5th day of ^{JULY}~~June~~, 2001
in Columbia, South Carolina

Ernest N. Csiszar
Director

I CONSENT:

Dated this 22nd day of June, 2001
in Oakland, California



Signature of Authorized Representative

Kelly J. Walsh

Typed Name

Controller

Title

Kaiser Permanente Insurance Company